



South Dakota Retirement System

Estimated Funded Status Summary

- Fair Value Funded Ratio is expected to be 100% at June 30, 2018 and in most future economic conditions because of SDRS' variable benefit features
- Preliminary estimated 2019 restricted maximum COLA is 2% based on the outstanding FY18 net investment return of 7.95%
- Small Net Pension Asset under GASB is expected at June 30, 2018
- Based on the 7.95% net investment return, the likelihood of additional required corrective action recommendations in the near future varies from approximately 17% (one year) to approximately 28% (three years)
- SDRS is one of the best funded plans in the nation while based on realistic actuarial assumptions
- SDRS is recognized as one of the most innovative and sustainable plans anywhere and is frequently cited by independent sources as an example of successful long-term plan management and funding



Projected Funded Status as of June 30, 2018 and 2019 Maximum COLA⁽¹⁾

If Net Investment Return for FYE June 30, 2018 is:		Step 1: Determine Baseline FVFR (Using Baseline COLA assumption of 2.25%)	Step 2: Determine Restricted Maximum COLA (Resulting in FVFR of 100%)	Step 3: Determine FVFR (Using Baseline COLA or Restricted Maximum COLA, if applicable)
(-7.1%)	Minimum Return to Avoid Corrective Actions	84%	0.50%	100%
6.50%	Assumed Return	97%	1.90%	100%
7.95%	Current Estimate	98%	2.00%	100%
10.3%	Minimum Return for 100% FVFR with Baseline COLA	100%	Unrestricted: COLA = CPI-W, Min. 0.5% - Max. 3.5%	100%

(1) Before consideration of liability gains/losses for year ending June 30, 2018. June 30, 2017 Baseline FVFR was 96.4%.

(2) Assumed net investment return